
Chapter Table of Contents

Chapter 1.2

Trends in Advertising Industry

| | |
|--|----|
| Aim..... | 21 |
| Instructional Objectives..... | 21 |
| Learning Outcomes..... | 21 |
| 1.2.1 Introduction..... | 22 |
| 1.2.2 Overview and Scope of Advertising Industry in India | 23 |
| (i) Overview of Advertising Industry in India | 23 |
| (ii) Scope of Advertising Industry in India | 23 |
| Self-assessment Questions..... | 24 |
| 1.2.3 Trends in Advertising and Advertising Industry in India | 25 |
| Self-assessment Questions..... | 32 |
| 1.2.4 Challenges Faced by Advertisers in India in the Era of Globalisation | 33 |
| Self-assessment Questions..... | 34 |
| Summary | 35 |
| Terminal Questions..... | 37 |
| Answer Keys..... | 37 |
| Activity..... | 38 |
| Case Study | 39 |
| Bibliography..... | 40 |
| e-References | 40 |
| External Resources | 40 |
| Video Links | 41 |



Aim

To familiarise the students with the trends of Advertising industry



Instructional Objectives

After completing this chapter, you should be able to:

- Describe the overview of Advertising industry in India
- Summarise the trends in advertising industry in India
- Explain the challenges faced by Indian advertisers



Learning Outcomes

At the end of this chapter, you are expected to:

- Analyse the shift in advertising industry from yester years to now in India
- Identify the current and future trends of advertising industry in India
- List how Indian advertisers are coping with the challenges in the era of globalisation

1.2.1 Introduction

The fairness cream market in India highlights the complexities associated with the dark skinned girls in our society. Dark skinned girls are always discriminated in our society. Their parents should give more dowries for their marriages. Often they don't achieve the position they deserve due to which they lose self-confidence. Fair & Lovely, a Hindustan Unilever Product clearly depicted the above scenarios in their advertisements since 1990s. Fair & Lovely is one of the top selling skin-lightening cream in India. It is specifically positioned as a cosmetic cream that lightens and brightens skin colour. The earlier ad campaigns of Fair & Lovely use to centre on theme that "the fairer girls get the right guy". With the change in the consumer preferences and mind set, Fair & Lovely started changing the themes of their TV Commercials. The recent ads depict darker girls using Fair & Lovely cream to achieve success. These girls pursue their dream and become air hostess, brand ambassadors and even deputy collectors. The portrayal of Indian girls has changed drastically in last couple of years. Present day ads of the brand show an up gradation in the thought process of the society that looks for talented girls instead of fair girls.

The Indian Advertising industry has evolved over the past years. It has made a constant progress over the centuries. From a small-scale business to a full-fledged industry, advertising sector has come a long way. The importance of advertising is increasing with the expansion in business activities. Advertising has emerged as a major tertiary sector. It has broadened its horizon in terms of creativity, capital employed and number of personnel employed. In very less time, Indian Advertising industry has carved a niche for itself and has placed itself successfully on the global map. It is estimated that the share of ad spending in Indian GDP will be around 0.45% by 2018. Indian government gives tremendous support to the Advertising industry. Advertising expenditure is likely to increase in the financial sector. This increase in expenditure would result in a more favourable business environment.

1.2.2 Overview and Scope of Advertising Industry in India

(i) Overview of Advertising Industry in India

According to Lindsay Pattison, Global Chief Executive at Media Buying Agency, Maxus, “Advertising growth is a very good indicator of GDP growth. India is a star market in terms of quality...” At present, India trails only the US Advertising market in terms of size. For Maxus, The US followed by India, The UK, Germany and China are the top five markets. Lindsay said that India contributes \$750 million to its global revenues. (Source: Economic Times)

Traditional mediums such as print and television are the popular choices amongst the Indian advertisers. Print media in 2015 had the highest advertising revenue in India. Television and print are the strongest advertising media in India. Both of these are expected to account about 37% of all advertisement expenditure in India by 2017. Newspaper advertising and out-of-home advertising are also important platforms in the Indian Advertising industry. Out-of-home advertising is projected to maintain revenue of \$24.5 billion up by 2020.

Physical out-of-home advertising is expected to remain same in coming years; digital out-of-home advertising looks promising with a projection to grow from \$10 billion in 2015 to \$18.5 billion in 2020.

There has been a tremendous increase in Internet advertising since 2006. Internet advertising spending in India in 2006 was only \$39 million. Experts estimate that in 2016, Internet advertising spending might pass \$700 million. Search advertising accounts for about 30% of the total digital ad spending in India in 2015. (Source: - statistica.com)

(ii) Scope of Advertising Industry in India

Listed below is the competitive advantage of Advertising industry in India

1. India has a rich resource base which consists of creative, strategic and media service experts/personnel.
2. Indian talent in advertising industries are recognised in global agency networks.
3. India has access to trained management students who can provide strategic inputs for advertising and media planning.

-
4. As Indians are multicultural and multi-lingual, they have the advantage of learning at least two languages. This gives the graduates a head start in understanding the cultural diversity.
 5. The top 20 agencies in India have global partners/owners. Therefore, the agencies have an immediate link to the global markets.
 6. The improvements in production standards in television and print, advanced IT capabilities have opened doors for Indian advertisers to develop communication packages for global clients.



Self-assessment Questions

- 1) As Indians are _____, they have the advantage of learning at least two languages.
 - a) Cultural
 - b) Bicultural
 - c) Multi- lingual
 - d) Intelligent
- 2) Physical out-of-home advertising is expected to remain same in the coming years whereas _____ has a promising future.
 - a) Television
 - b) Radios
 - c) Publicity
 - d) Digital out-of-home advertising
- 3) There has been a tremendous increase in _____ advertising since 2006.
 - a) Internet
 - b) Television
 - c) Newspaper
 - d) Radio
- 4) _____ in 2015 had the highest advertising revenue in India.
 - a) Newspaper
 - b) Print media
 - c) Pamphlet
 - d) Radio

1.2.3 Trends in Advertising and Advertising Industry in India

The year 2016 offered unparalleled creative opportunities for advertisers. Technological advancements helped the advertising agencies to develop innovative campaigns and pushing the boundaries of traditional advertising. These advertisement trends left a big mark in 2016.

a. Experiential Marketing

Experiential marketing is building a new level of consumer relations that goes beyond just selling a product to the consumer, but guides them along a path that is intelligent, spontaneous and intuitive. In a variety of markets and industries namely consumer, service and technology, a wide variety of organisations have turned to experiential marketing techniques to develop new products, communicate with customers, improve sales relations, select business partners, design retail environments and build websites. This transformation shows no signs of slowing down. More marketers are moving away from traditional 'features and benefits' model to 'creating experiences for customers'.

Experience for customers is created with the help of communications, visual and verbal identity, product presence, co-branding, spatial environments, websites and electronic media and people. The ultimate goal of experiential marketing is to create a holistic experience for customers.

Experiential Marketing is defined as, "the process of identifying and satisfying customer needs and aspirations profitably, engaging them through two-way communications that bring brand personalities to life and add value to the target audience".

Experiential marketing is an integrated tactic for engaging target audiences at their wish through brand-related communications that add value. Experiential marketing campaign is developed around one creative idea that involves a two-way communication between the brand and the target audience in real time. Therefore, it features a live brand experience to the customers. Experiential marketing is a fabulous approach for bringing a brand personality to life. It is often said that a learning experience occurs when you perform something. Therefore, marketers are prompted to arrange such activities/events where audience is allowed to perform and try and use the product, thereby creating the brand experience.

b. Virtual Reality (VR)

Virtual reality is gaining importance in the last couple of years. With a small piece of cardboard, smart phones can be converted to virtual reality headsets. All the videos available on YouTube can now be viewed in virtual reality (VR). YouTube accounts for world's largest library for VR Content. Google too is making an effort to bring the VR experience to everyone through Google Cardboard. This technology has the potential to change the daily life of people— from how they communicate to how they spend their leisure time. YouTube offers 360-degree videos; through such videos viewers can see a video from each and every angle just by swiping or moving the smart phone or tablet. Brands are now creating way, using 360-degree video to film and record big events and creative ads. Recently, BMW used this technology for featuring a car race.

c. Live Video

In the year 2016, live videos were launched in social platforms. Facebook launched live video feature in April 2016. Instagram released live video feature to all the users in the US in the month of December 2016. Twitter also introduced mobile integrated live streaming app Periscope. Live video is becoming an inclusive extension of video marketing. A live video allows the users to connect with content on real time basis. Brands are taking advantage of this new technology, inviting the customers to experience the branded content live directly from their smart phones or tablets. Lowe, the retail giant, revealed their Black Friday offers on Facebook live to an audience of 32,000. Taco bell, a fast food chain organised a “Friends giving” feast, where they invited a group of social media influencers to their headquarters. The whole dinner was live on Facebook. This attracted an audience of 1, 50,000 throughout the broadcast.

d. Content Marketing

Content marketing is a strategic marketing approach which focuses on creation and distribution of valuable, relevant and consistent content to attract and retain audience and drive profitable customer action. It basically includes advertorials (editorial articles written for newspapers or magazines to promote any product or service), blogs or any other kind of content which is published on the web for promotional purposes.

Content marketing is effective in creating awareness as most of it is described as a brand story. Since the advent of social media, content marketing is like a new advertising vehicle which strengthens the connections between consumers and brands. Small businesses are

taking advantage of the power of content marketing by publishing advertorials or hosting a blog in their website. Many prominent companies such as P & G, Cisco Systems, Microsoft and others use content marketing.

Companies use content marketing as it helps in increasing sales, reducing costs and identifying brand loyal customers. Brands use different advertising techniques along with content marketing.

Quality content can be a part of all forms of marketing which may include these:

1. Social media marketing
2. Search engine optimization
3. Public relations
4. Pay per click
5. Inbound marketing
6. Content strategy

e. Co-branding

Co-branding is a kind of marketing arrangement where two companies synergise their marketing capabilities to create a new consumer product. Here the brands help each other to achieve their aims. For instance, Citibank co-branded with MTV to launch a debit card. This card was specifically beneficial for those who wanted to avail benefits at outlets called MTV Citibank club.

In co-branding, both the companies combine their resources and leverage their core competencies to promote brand awareness and consumer interest in the newly created product. Recent examples of co-branding are Ford F150 trucks and Harley Davidson motorcycles, Apple and Nike etc.

f. Digital Marketing

The world is changing. Wherever you are, whatever you are doing, you are always connected to the people around the world. It is too easy for anyone who possesses a smart phone to stay connected. Thanks to the Digital era. We are in the world of never ending flamboyant opportunities and boundless possibilities. Being connected was never so easy and celebrated.

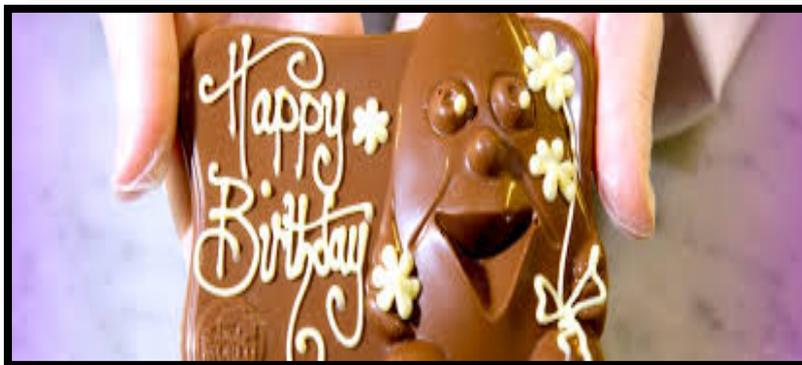
Digital marketing can be simply defined as the promotion of products, brands and services via electronic media. By using digital marketing channels and methods, marketers can analyse their marketing campaigns to understand what is working and what isn't working for them, typically in real time. Digital media is everywhere. Consumers can access information wherever, whenever and however they want it. In fact, consumers are more likely to be influenced by what others say about your brand.

Digital advertising has very rapidly evolved in the last 15 years and market leaders have realized the importance and the complexity it poses. Through digital marketing, campaigns can reach a large set of target audience. It is not only a cost-effective medium of communication but also has a higher return over investment. Businesses scale at a faster pace through digital marketing. Digital marketing should be well managed by handling complex customer relationships across channels — both digital and traditional. Digital marketers should promptly respond and initiate dynamic customer interactions and extract value from big data to make better decisions.

Exhibit 1.2: Examples of Experiential Marketing across the Globe

1. Cadbury's Personalised Experience

Cadbury knows experiential marketing well. Cadbury did one experiential branding campaign in Korea. It customised its chocolate bars for the customers by using artisan theatrics. The Cadbury which people had bought was tweaked by the artisans differently. People could write what they wanted and the same was embossed on their chocolates.



2. Doc Mc Stuffins' Check-up Clinic

Doc Mc Stuffin is a Disney Channel TV show about a six-year-old girl who heals toys out of her imaginary clinic. To promote the second series and increase merchandise sales, Disney recreated Doc's clinic in Tesco, Smyth's and Toys R Us in the UK.

All kids who visited the place were given a 10-minute experience where they took the role of the doctor and diagnosed what was wrong with the big Teddy. While children waiting for their turn were allowed to play with Doc Mc Stuffin merchandise, allowed to colour and watch clips of the show. Around 8000 children participated and 75% of them rated it as 'excellent'. Most importantly, it created a 5.3% increase in the propensity to buy merchandise.



3. Milka Vending Machine Gets People to Hold Hands

Another good example of an experiential marketing campaign is of the Swiss-based chocolate company Milka who joined the vending machine stunts with a campaign that calls for Argentines to “Dare to be Tender”. In order to get a free bar of chocolate from the machine, people had to hold hands and reach for the hoof of a large, purple Milka cow. The cow was remote controlled and moved further and further away from the machine in order to get more people involved. This was a simple stunt in which Milka let customers talking — both to the brand and to each other.





Self-assessment Questions

- 5) Experiential marketing campaign is developed around one creative idea that involves a _____ communication between the brand and the target audience in real time.
- a) One - way
 - b) Two - way
 - c) Three - way
 - d) Four - way
- 6) Experiential branding is a two-way strategy where not only the marketer is active but also the _____ is equally active.
- a) Stakeholder
 - b) Retailer
 - c) Wholesaler
 - d) Customer
- 7) Marketers can also demonstrate features, advantages and disadvantages by _____ experience.
- a) Span-time
 - b) Long-time
 - c) Real-time
 - d) Simultaneous
- 8) _____ is a kind of marketing arrangement where two companies synergise their marketing capabilities to create a new consumer product.
- a) Branding
 - b) Co-branding
 - c) Joint venture
 - d) Brand synergy
- 9) _____ are editorial articles written for newspapers or magazines to promote any product or service.
- a) Advertorials
 - b) Blogs
 - c) Articles
 - d) Columns
- 10) _____ offers 360-degree videos, through such videos viewers can view a video from each and every angle just by swiping or moving the smart phone or tablet.
- a) Google
 - b) Facebook
 - c) YouTube
 - d) Instagram
- 11) _____ launched live video feature in April 2016.
- a) Google
 - b) Facebook
 - c) Instagram
 - d) YouTube

1.2.4 Challenges Faced by Advertisers in India in the Era of Globalisation

a. Multiple Media Options

As multiple mediums are now available, advertisers incur higher costs to reach the target customers. *For example*, the cost of a ten second commercial was 25 lakhs during the India versus Australia World Cup Semi-Final Match in 2015. ESPN Star Sports in 2011 hiked their advertising rates for a ten second spot in the India versus Pakistan Semi-Final Match to 17–18 lakhs. In case of radios, the advertising rate for a ten second spot normally ranges from Rs. 500–1000 only.

b. Ad Budget

A firm's capacity to spend on an advertisement greatly gets affected by the medium selected. If a firm can afford billions of rupees, a firm can consider a 360-degree campaign with TV, print, outdoor advertising, radio and the Internet. For a firm, if the budget is limited, the advertiser only uses selected media.

c. Challenges for Television Media

Neilson Statistics says in 1965, 34% of Television viewers could recall the Ad; in 1995, this percentage fell to 8% whereas in 2007, it was only 2.2%. The reason for this is the increasing number of commercials in television, radio, billboards and movie screening. Therefore, consumers are not able to differentiate one brand from the other.

There are roughly 900 Television channels in India including regional channels. The large number of television channels is expected to increase in the coming future. Advertisers find it difficult to get audience attention especially when viewers have so many options available.

d. Challenges for Radio Media

The number of radio listeners is declining these days, especially in urban areas. This decline is aided by the fact that radio advertising is non-actionable in nature.

e. Challenges for Digital Advertising

The Internet users typically do not prefer ads on websites. The Internet ads also suffer from lack of viewer's attention. According to a study by Google, more than 56% of ads placed on its network are never seen by the users.

f. Challenges for Advertising Agencies

Advertising agencies face many challenges due to heavy competition and client turnover. Many clients leave an ad agency because of problems such as dissatisfaction with the services offered, unsuccessful ad campaigns, disputes and other reasons.

g. Challenges for Print Media

There is a sharp increase in the number of newspapers and magazines in India. This leads to lack of reader attention. As of 31st March 2015, a total of 1, 05,443 newspapers/ periodicals are registered with the Registrar of Newspapers for India.

h. Challenges of Outdoor Advertising

Outdoor advertising faces challenges as the viewers do not notice the outdoor hoardings.



Self-assessment Questions

- 12) A firm's capacity to spend on an advertisement greatly gets affected by the _____ selected.
- | | |
|-----------------------|------------|
| a) Advertising agency | b) Product |
| c) Medium | d) Place |
- 13) The number of _____ is declining these days, especially in urban areas.
- | | |
|----------------------|--------------------|
| a) Newspaper readers | b) Movie goers |
| c) T.V. viewers | d) Radio listeners |
- 14) There are roughly _____ television channels in India including regional channels.
- | | |
|---------|---------|
| a) 800 | b) 900 |
| c) 1000 | d) 2000 |



Summary

- The Indian Advertising industry has evolved over the past years. It has made a constant progress over the centuries. From a small scale business to a full-fledged industry, advertising sector has come a long way.
- Traditional mediums such as print and television are the popular choices amongst the Indian advertisers.
- Print media in 2015 had the highest advertising revenue in India. Television and print are the strongest advertising media in India. Both of them are expected to account about 37% of all advertisement expenditure in India by 2017.
- Newspaper advertising and out-of-home advertising are also important platforms for Indian advertisements.
- Out-of-home advertising is projected to maintain revenue of \$24.5 billion up until 2020.
- Top 20 agencies in India have global partners/owners. Therefore, the agencies have an immediate link to the global markets.
- The improvements in production standards in television and print, advanced IT capabilities have opened doors for Indian advertisers to develop communication packages for global clients.
- As Indians are multicultural, they have the advantage of learning at least two languages. This gives the graduates a head start in understanding the cultural diversity.
- Experiential marketing is building a new level of consumer relations that goes beyond just selling a product to the consumer, but guides them along a path that is intelligent, spontaneous and intuitive.
- With a small piece of cardboard, smart phones can be converted to virtual reality headsets.
- All the videos available on YouTube can now be viewed in virtual reality. YouTube accounts for the world's largest library for VR Content.

-
- In the year 2016, live videos were launched in social platforms.
 - Facebook launched live video feature in April 2016. Instagram released live video feature to all the users in the US in the month of December 2016.
 - Twitter also introduced mobile integrated live streaming app Periscope.
 - Content marketing is a strategic marketing approach which focuses on creation and distribution of valuable, relevant and consistent content to attract and retain audience and drive profitable customer action.
 - Co-branding is a kind of marketing arrangement where two companies synergise their marketing capabilities to create a new consumer product. Here the brands help each other to achieve their aims.
 - As multiple mediums are now available, advertisers incur higher costs to reach the target customers.
 - A firm's capacity to spend on an advertisement greatly gets affected by the medium selected.
 - Advertisers find it difficult to get audience attention especially when viewers have so many options available.
 - According to a study by Google, more than 56% of ads served on its network are never seen by the users.
 - Many clients leave an ad agency because of problems such as dissatisfaction with the services offered, unsuccessful ad campaigns, disputes and others reasons.
 - There is a sharp increase in the number of newspapers and magazines in India. This leads to lack of reader attention.
 - Outdoor advertising faces challenges as the viewers do not notice the outdoor hoardings.



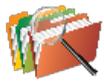
Terminal Questions

1. Describe the overview and scope of Advertising industry in India.
2. Explain the trends in Advertising industry in India.
3. Identify the challenges faced by Indian advertisers.



Answer Keys

| Self-assessment Questions | |
|---------------------------|--------|
| Question No. | Answer |
| 1 | c |
| 2 | d |
| 3 | a |
| 4 | b |
| 5 | b |
| 6 | d |
| 7 | c |
| 8 | b |
| 9 | a |
| 10 | c |
| 11 | b |
| 12 | c |
| 13 | d |
| 14 | b |



Activity

Activity Type: Online

Duration: 60 Minutes

Description:

Ariel, a laundry detergent by Proctor & Gamble, recently launched a campaign called “Share the Load”, to encourage Indian men to help with household chores. In 2015, Ariel’s campaign released their first advertisement with the title, “Is Laundry Only a Woman’s Job?” In 2016, another advertisement of the same campaign went viral, with 2.3 million views in only 4.5 months — it’s tagline was, “Why is laundry only a mother’s job?”

Watch Video’s at:

- a) <https://www.youtube.com/watch?v=MOpLBgEZOkk&index=1&list=PLMVvPyI4BAiZvnBP-D7bb6r9hF42Du0fY>
- b) <https://www.youtube.com/watch?v=OD0tI RRzS9M>
- c) <https://www.youtube.com/watch?v=9tsAMNvt2qg>

Analyse the advertisement campaign and give your views on the conceptualisation of such an advertisement in the Indian market setup. Do you think such advertisements/ campaigns could be effective?

Case Study

American Express – An Experiential Campaign

American Express approached UCG to help gain awareness for their Premier Rewards Gold Card. The acquisition and retention of new and current customers was the top priority of the program. Also, American Express wanted to get the word out about the cards' valuable rewards and benefits, in addition to faster ways of earning reward points that could be spent on just about anything. The campaign engaged consumers, resulting in on premise activation.

In conjunction with the American Express Global Product Team, UCG crafted and launched the American Express Fly Faster to Greater Rewards Flight Simulator Experience. Sales team members were onsite to engage target customers, distribute premium items and activate cards on the spot. Custom built exhibits housing a 3D flight simulator were placed in six major airports around the country including: O'Hare International Airport in Chicago, Philadelphia International Airport, Dallas Fort Worth International Airport, JFK International Airport in New York, Washington National Airport and Cleveland Hopkins International Airport.

UCG managed the development, conceptualisation, art creation, animation, programming and data collection of the program. Consumers were encouraged to take short flights using the customised flight simulator for a chance to earn 25,000 bonus points if they signed up for the promoted credit card. The flight allowed the customer to fly across the US to learn about the American Express Rewards Program and enabled the client to collect valuable customer data. As a result, new and existing customers had a unique brand experience and memorable association with American Express. The success of the initial program leads to a six-month extension. User data was collected from several thousand participants.

Discussion Questions:

1. What was the effect of experiential marketing campaign on existing customers?
2. Can a similar brand experience be created with any Indian Bank? If yes, how?

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Image Credits

- **Exhibit 1.2 - Examples 1:** <http://semesters.in/classical-organization-theory-school-by-henri-fayol-and-max-weber/>
- **Exhibit 1.2 - Examples 2:** <http://www.hotcow.co.uk/portfolio/disney-doc-mcstuffins-check-up-clinic.htm>
- **Exhibit 1.2 - Examples 3:** <https://www.psfk.com/2013/09/milka-hand-holding-vending-machine.html>



External Resources

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Video Links

| Topic | Link |
|--|---|
| Marketing and Advertising Trends 2016 | https://www.youtube.com/watch?v=bA97_u3TvNM |
| Advertising Industry in India | https://www.youtube.com/watch?v=5c-Op5OG8pM |
| Digital Marketing: What's Next for 2017? | https://www.youtube.com/watch?v=ooYmoj9qTeU |



Notes:

